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The Workers Party

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THE WORKERS PARTY



CHECK AGAINST
DELIVERY

16 October 1991

P R E S S R E L E A S E

CONFIDENCE MOTION: SPEECH BY PROINSIAS DE ROSSA TD

For the second year in succession the opening of the Dail year is dominated by a confidence motion in the government. The issue last year was the standards that the people could expect from those in government. The issue again this year is about standards - of those in government, of those in the semi-state companies and of those in private business. The difference however is that this year the debate also takes place against a background of a deteriorating economic situation, record unemployment levels, and television pictures of tens of thousands of young Irish people battling for visas to give them hope of a new life and a job in the United States.

People have been stunned, shocked and sickened by the revelations of sharp practice, malpractice, downright dishonesty and corruption which have emerged. Day after day we have had more disclosures which have thrown a new light on the operation of what has been referred to as the 'golden circle'. The operation of such a group has been well known - certainly The Workers Party has pointed to it repeatedly. However, what has emerged for the first time in the past two months has revealed in all its ugliness the level of their greed and the ruthless nature of their activities. We have seen a world where greed is god, where the pursuit of even greater profits seems to justify the use of virtually any means, and where this small 'elite' appeared to believe that they had the political connections necessary to render themselves immune from the normal regulatory and supervisory procedures which are supposed to protect the public interest.

Greencore, Telecom, Celtic Helicopters, Carysfort, NCB - the list of questions is virtually endless, the answers from the government virtually non-existent. The government and the responsible Ministers have failed utterly to respond to questions about what they knew and about the manner in which they supervised semi-state companies for which they were responsible. They have withdrawn into their Ministerial bunkers and refused to answer to the people. The Taoiseach, as head of government, has a particular responsibility to the public for all of these scandals, but he too has gone to ground. His decision to transfer to other Ministers virtually all questions relating to these scandals, even where they relate specifically to statements made or actions carried out by him, is the latest indication that he is determined that if the buck is to stop anywhere, it certainly won't be with him.

OVER/-

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These scandals are a sad reflection of the value system of some of those at the top of business and politics in this country. Nobody who knew what was going on in Irish society will have been surprised at the improper activities of some of those who were involved in the Greencore and other affairs. Perhaps the most surprising thing is that the improper activities have become public knowledge: those involved have, up to now, normally managed to successfully hide their trail. What we have seen so far is, I believe, only the tip of the iceberg of corruption and improper activities which is now prevalent in private business and which is, unfortunately, also eating into the public sector.

After seventy years of independence it is time to examine our values and priorities as a society. Despite the high sounding principles of the 1916 proclamation and the fine aspirations of the democratic programme of the First Dail, we live in a Republic where an individual's rank and status in society is determined by the amount of personal wealth which he or she can accumulate. Indeed, in Ireland, the greatest prestige seems to attach to wealth accumulated in the least socially valuable way. Land rezonings, property speculation, asset stripping, offshore companies, the use of inside information, access to political pull, the 'stroke', tax avoidance schemes - these seem to be the favoured routes to financial success, rather than creating jobs or added value products which would be of benefit to the wider community.

The dominant political parties in this country have bestowed their blessing on wealth accumulated in this way. This is especially so in the case of Fianna Fail which has encouraged and benefited from the 'stroke' culture. We are now paying the price for this attitude with the reputation of Ireland abroad being badly damaged, and political confidence at home eroded. And it is not acceptable that those who blew the whistle are blamed for this. Those to blame are the ones who engaged in these activities.

The first of the recent scandals to come to the attention of the public was the Greencore affair. Greencore is particularly significant, not just because it opened the floodgates in regard to the other affairs, but also because many of the elements at the centre of it also feature in the other affairs - issues of honesty, of what is or is not an acceptable level of profit, the adequacy of company law and the use of devices such as off-shore companies to disguise the real owners of companies, the role of semi-state companies and the adequacy of Ministerial supervision of the semi-state sector.

We are of course aware that various inquiries have been set up into the Greencore affair, but there are many questions which could and should have been answered by the government and especially by the Minister for Agriculture, without having to await the outcome of any inquiry by any Inspector. When did Minister O'Kennedy first become aware that a number of Irish Sugar executives had acquired a 49% minority shareholding in Sugar Distributors (Holdings) Ltd? When did he first become aware that this purchase had been partly funded by a soft loan given to the executives by the company? When did he first become aware of the subsequent resale of the shareholding to the Irish Sugar Company at a six fold profit to the executives involved? Was Deputy O'Kennedy, as the Minister with overall responsibility for the Sugar Company, consulted regarding the purchase of the Sugar Distributors shareholding, and did he approve of it? When did he first become aware of a claim by Mr. Chris Comerford to beneficial ownership of a substantial shareholding in Talmino Ltd?

As my colleague, Deputy Sherlock pointed out at the time, only days before the Greencore affair broke, Minister O'Kennedy was only too glad to make himself available to the press to lecture the public about his views on morality, and particularly about the age at which condoms should be made available to young people - an issue which had nothing to do with his Department at all. But when the questions arose about Greencore, the Minister was suddenly unavailable, declining all invitations to appear on radio or television programmes, and refusing to answer all questions, even when cornered by journalists at the public functions he could not avoid.

Minister O'Kennedy had plenty to say about the morality of making condoms available to sixteen year olds, but he had nothing to say about the morality of a group of senior semi-state executives acquiring a shareholding in Sugar Distributors, and then selling it back to their employers at a six fold profit. Mr. O'Kennedy had nothing to say about the propriety of executives of state companies setting up covert companies in tax havens like Jersey. Minister O'Kennedy, like many of his colleagues, seems to relate to sexual matters only.

In a cabinet where mediocrity is the norm and incompetence taken for granted, Minister O'Kennedy stands head and shoulders below the rest. His handling of the Agriculture portfolio has been characterised by bungling and evasion. He is probably the most evasive of government ministers when it comes to replying to Dail questions. Even when he has nothing to hide, he sounds as if he has. He persistently refused to acknowledge any allegations of irregularities in the beef industry - even as he announced the setting up the Tribunal of Inquiry - yet only two weeks ago he was forced to send his inspectors, accompanied by armed gardai, into a number of Goodman owned plants.

He criticised Deputies who raised legitimate questions about the use of substances like Angel Dust, and tried to downplay the whole problem, before eventually being forced to admit the dangers involved and take some remedial action. He insisted on ramming the Bill to privatise the Irish Sugar Company through the Dail, using the guillotine to curtail the debate at every stage and we are now paying the price for this.

I don't intend to deal in detail with the other scandals, which my colleagues will be speaking of during the course of this debate. However I would like to make a few points about Telecom and the Ballsbridge site, because I think that it symbolises much of what is rotten in Irish society and especially much of what is rotten in Irish business. In particular I would like to remind the House of the 500 Johnston Mooney and O'Brien workers, who lost their jobs with the closure of the bakery in 1989, and who are, in many respects, the forgotten victims of the scandal surrounding the sale of the Ballsbridge site.

This whole episode illustrates once again the ruthless nature of some of those at the top of Irish business who are quite prepared to destroy jobs and livelihoods in the pursuit of huge profits.

The bakery was put into liquidation in February 1989 although its parent company, Odlums, was making substantial profits at the time. When the sale was originally announced it was supposed to be part of a plan by the company to move to a new custom-built premises. This was never proceeded with and a liquidator was appointed by the company only months later. There must now be serious doubts as to whether the new premises was ever a serious proposal, as the parent company declined an offer of a management buy-out to keep it in operation. It seems far more likely that the parent company simply decided that its most valuable asset was the site was put up for grabs to the highest bidder.

While there are many questions remaining to be answered about the progress of the site from ownership by Johnston Mooney and O'Brien, through the various deals to its eventual purchase by Telecom Eireann, what is very clear is that substantial profits were made along the way by a number of individuals. A small group of wealthy people have got even wealthier. A profit of more than #4million in just 18 months. But what has happened the 500 bakery workers? How many are still unemployed? How many have been forced to emigrate? How many families have been broken and lives destroyed by the resulting stress?

Unfortunately the experience of the Johnston Mooney and O'Brien workers is not unusual in Irish society. Too often we have seen the asset strippers move in and dispose of premises, plant and equipment without any consideration for the workers involved. What is more, as I said earlier, the dominant political parties in this country have bestowed their blessing on wealth accumulated in this way.

One common element in most of the recent controversies has been the firm of National City Brokers. NCB is no stranger to controversy - there was considerable disquiet in 1989 over the manner in which it was awarded the contract for handling the privatisation of the government's shareholding in Tara Mines. The contract was not put out to tender and many people believe that what NCB was paid for their work was about three times the going rate for the job.

But it is really because of their role in the affairs which have come to light in the past few weeks that NCB has come under close scrutiny. It was, of course, NCB which advised the Irish Sugar Company on privatisation, and which either failed to notice the Sugar Distributors deal, or else did not consider it important enough to bring to anyone's attention. It was NCB which one of the firms commissioned to carry out a study of the prospects of privatisation of Telecom Eireann - Mr Smurfit said that the government had requested the study, Minister Brennan said he knew nothing about it. It was NCB which established the firm of United Property Holdings, which played a central role in the various deals involving the Johnston, Mooney and O'Brien site - a site which eventually cost Telecom Eireann more than twice the price it had been sold for 18 months earlier. It was NCB which, according to Mr Smurfit, failed to advise him that UPH once owned the Ballsbridge site.

And it was NCB which was involved in the leaking of confidential commercial and financial information about Irish Helicopters to a rival helicopter firm in which the Taoiseach's son was a partner - in circumstances that have still to be adequately explained - certainly the claims of a postal misdelivery are unconvincing and the full story has still to be established.

It was against this background that I decided to make public, details of a document which came into my possession which provides startling new evidence of the special relationship between National City Brokers and Fianna Fail in government. In the document, NCB cite 'intervention at the highest level', 'the use of personal contacts at the highest level, including the Minister for Finance and the Secretaries of the Departments of the Taoiseach and Industry and Commerce', and the use of favours from 'political contacts' to justify a huge fee of £2million pounds charged to one of its commercial clients.

As Deputies will now know the document in question is a letter written to Pernod Ricard in France (for whom NCB acted in the takeover of Irish Distillers) dated 6th January, 1989 and signed by Mr Dermot Desmond. It raises very serious questions about the relationship between NCB and the government and political figures. I will read this letter on to the record of the House.

In my statement on Sunday I said that there was now an obligation on both NCB and the government to spell out exactly the basis of their relationship, to explain the nature of the political favours referred to, and to identify those who were involved in these contacts and especially the references to 'the highest level'. I am still waiting for a satisfactory response to these points.

It is entirely a matter for NCB what fees it charges its clients for commercial work undertaken on their behalf. And it is entirely appropriate for them to make representations on their behalf. However, it is a matter of very serious public concern when the company appears to be suggesting that it has some unique special relationship or some sort of inside track with those in power and that it can call upon political favours to serve the interests of its clients. This letter must greatly add to the public concern arising from the recent allegations of political favouritism involving NCB.

Perhaps the most serious passage in Mr Desmond's letter is where he tells his client;

"We used up a large proportion of the favours we can call upon from our political contacts - and no doubt will pay a price on the other side."

The common-sense implication of this would appear to be that, having extracted the favours from the political contacts, NCB was, in some way, going to have to repay the favour to those who obliged their client.

Equally alarming is the passage in which Mr Desmond says;

"We orchestrated entirely the successful campaigns to get a positive tax opinion from the Revenue Commissioners, which involved using personal contacts at the highest level, including the Minister for Finance and the Secretaries of the Department of the Taoiseach and Department of Industry and Commerce."

How is it appropriate for NCB to use personal contacts with the Minister for Finance and senior civil servants to extract 'a positive tax opinion'? Was pressure exerted on the Revenue Commissioners to deliver this 'positive tax opinion'? and what was the cost to other taxpayers of Mr Desmond's ability to extract this 'positive tax opinion'?

In another part of the letter, Mr Desmond writes of NCB's 'intervention at the highest levels' in connection with a Monopolies and Mergers decision. Does this mean the Taoiseach's office or some other government Department?

This letter raises questions of the most profound importance about the nature of the relationship between business and commercial interests and the government. It is one of the most revealing documents to have emerged in the past few weeks and casts some little light on the operations of the golden circle about which the Minister for Industry and Commerce, Mr O Malley, recently expressed some concern. Presumably the records available in Mr O Malley's Department will be able to shed further light on the claim of 'personal contact' with the then Secretary of the Department of Industry and Commerce, and in the interests of open and honest government to which he subscribes he will make the records available to the House.

Indeed the Taoiseach and the Minister for Finance must produce their departmental records to this House in order to establish once and for all, the veracity or otherwise of Mr Desmond's claims.

The claim for £2million in fees shows just how high the stakes are for companies like NCB. Huge fortunes can be made on single deals. This cannot however, justify any element of political favouritism or the provision of any special facilities or concessions to those in business who claim some sort of special relationship with those in government.

There is a particular obligation on the Taoiseach to spell out exactly what is the nature of his relationship with Mr Dermot Desmond. In various media interviews Mr Haughey referred to Mr Desmond as a personal friend. In a briefing, given to political correspondents following the meeting of the Fianna Fail Parliamentary party on October 2nd, the government Chief Whip, Vincent Brady, quoted Mr Haughey as saying that Mr Desmond was not a 'personal friend' 'but a 'business friend.'

As I said earlier there have been no satisfactory responses by either the government or NCB to the issue raised by Mr Desmond's letter to Pernod. The recent 'personal friend' of the Taoiseach has been disowned by all in Fianna Fail in an attempt to save their own political skins. The government press officer is quoted as saying that they cannot be held responsible for the exaggerated boasts of a businessman. This is a polite way of accusing Mr Desmond of being a liar.

Mr Desmond, on the other hand, now confirms the authenticity of the letter but says that it is being misinterpreted. Mr Desmond is stretching credibility to the limit by suggesting that the only reasons for the seeking by NCB of favours from 'political contacts' the 'intervention at the highest levels', and the use of 'personal contacts including the Minister for Finance and the Secretaries of the Departments of the Taoiseach and Industry and Commerce' was to ensure that the Irish financial and political authorities acted in a 'comprehensive manner.'

While it is understandable that people are very correctly angry and indignant at the disclosures of shady practices which had come to light in the past weeks, the public should not lose sight of the fact that its record on unemployment represents what is perhaps the government's greatest scandal.

The unemployment figures published on the first Friday of this month represented an increase of more than 40,000 over the same month last year. Each month during this summer we have seen unemployment climb to levels never experienced before in the history of the state. For this reason alone, Mr. Haughey and his colleagues have lost all moral right to govern and should be hounded out of office at the earliest opportunity.

"Our lack of confidence in this government long pre-dates the disclosures of the past few weeks. Fianna Fail and the Progressive Democrats, in the Programme for Government negotiated in July 1989, promised to make job creation its number one priority. Instead, to use Mr. Haughey's favourite phrase, they 'stood aside' and allowed the dole queues to lengthen and the human misery that comes with unemployment to increase proportionately. We knew all along that we had a government which was spectacularly incompetent and which had failed to honour the commitments given in the Programme for Government to make employment creation 'the major priority'.

There is, in fact, a direct link between the scandals of the past few weeks and the failure of the government to make any impact on the unemployment problem. The Greencore, Telecom and Carylfort scandals all represented attempts by what were already some of the richest people in Ireland to increase their wealth by 'strokes' - property speculation, cute deals, offshore companies.

Charles Haughey's Fianna Fail has shamelessly encouraged and benefited from this parasitic culture. It has always seemed to consider the stroke or the inside deal to be a far preferable route to wealth creation than the slow, hard, risky slog involved in setting up a manufacturing industry which might add to the wealth of society in general and create badly needed jobs. Until we have a government which treat these parasitic deals and strokes as the anti-social activities they are and which sets about encouraging and promoting wealth creation through manufacturing industry or useful services, we are unfortunately going to have to face continued unemployment at this shocking level.

And irrespective of the outcome of this weeks vote of confidence here in the Dail the massive level of applications for Morrison visas is a huge vote of 'no confidence' in the government on the part of hundreds of thousands of young Irish people.

Young people are voting with their feet by trying desperately to get out of the country. The massive level of applications for these visas is a reflection of the sense of despair felt by so many young people. Young men and women, many of whom have spent long years in college and university have not been able to get even menial jobs. They feel betrayed and let down by a government which came into power in 1989 promising to make job creation its number one priority and which has since stood aside and allowed unemployment to climb to record levels.

It is clear that Mr. Haughey and his colleagues have totally abdicated their responsibilities and see renewed emigration as the only hope of reducing unemployment. He said as much in his recent RTE interview. Isn't it a sad reflection on this country that after 70 years of self government all the stops can be pulled out to facilitate the mass exodus of young people out of the country, while the government pleads that nothing can be done to give them jobs at home. What is even more pathetic is the spectacle of Fianna Fail politicians, such as Senator Dan Kiely, shameless exploiting for political purposes the desperate desire of people to emigrate. What a proud record Seantor Keily will be able to look back on at the end of his career. When he is asked what he did for his people, he will be able to say proudly that he helped 5,000 people to emigrate.

We do not blame these people for trying to emigrate, but we regret their loss to the country. Many of those who get Morrison visas will return only for holidays. The loss of their energy and enthusiasm will be incalculable. Ireland simply cannot afford to endure a haemorrhage of our young people at this level. There must be a change in emphasis in national economic policy away from the sort of strokes and speculation which we have seen exposed in the past few weeks to investment in productive jobs.

Deputies on all sides of this House would be making a grave mistake to underestimate the damage that has been done to the political system by the failure of the government to address our economic problems, and especially by the endless stream of scandals.

Monday's Irish Times/MRBI opinion poll which showed that three quarters of the people believe that political standards have fallen should provide food for thought for all members of the Oireachtas. While the government has, quite rightly, suffered a major loss in support because of its handling of the recent scandals, it is very clear that a large section of the public is becoming increasingly cynical about and disillusioned with the entire political system.

Action must be taken by all parties in the House to re-establish public confidence in the political system. The aim should be to ensure that if a opinion poll is taken 12 months from now three-quarters of the people will believe that political standards are rising. A major source of public cynicism is the close relationship between those at the top of business and those at the top of politics. A little light has been thrown on this area in the past few weeks, but many among the public believe that what has emerged so far is only the tip of the iceberg. I share their concern.

If - as many of the businessmen and politicians involved have protested - they have nothing to hide, then there should surely be no objections to a clear statutory requirement for politicians to declare all their interests, direct or indirect, in all business and commercial activities. This would have to be accompanied by a requirement for full disclosure of all contributions to political parties from commercial or business interests. Given what has emerged in the past few weeks and the comments of people like Mary Harney and Michael McDowell, it is hard to see how the Progressive Democrats could retain any shred of credibility if they remain in government without ensuring that watertight guarantees are given of legislation in this area at least.

We must take steps to ensure that the law is applied equally to all citizens. We have an impressive body of company law, but we must ensure that it is implemented and tightened up, if found to be inadequate. We must ensure that those who are charged with running semi-state companies on behalf of the people are adequately paid, but are harshly dealt with if they break the peoples trust. We must end the situation whereby wrongdoing at the top of industry is rewarded by golden handshakes and early retirement, while wrong doing on the factory floor is punished by dismissal without compensation. We must end any trace of corruption and abuse in both the public and the private sectors. We must ensure that anti-social activities are treated with the contempt they deserve.

We must ensure that there is proper political accountability and that no government is allowed to run away from its responsibilities. And this is at the kernel of this confidence motion. Can the Dail have any confidence in the government after what has come to light in the past few weeks. Semi-state after semi-state company has been rocked by scandal. The Chairman of three semi-state bodies, appointed or re-appointed by this government, has been forced to resign in various degrees of disgrace. Ministers have failed utterly to exercise any degree of supervision of semi-state companies, have allowed the taxpayer to be taken advantage of in an outrageous way and have run away from the consequences of their neglect.

This government has now passed its 'sell by' date. The odour of decay grows stronger each day. What ever agreement is cobbled together between Fianna Fail and the P.D.s may provide a temporary stay of execution but it will not sustain this government for the next two years nor save it from the ultimate verdict of the people.

RESPONSE TO TAOISEACH'S COMMENTS

The Taoiseach, in the sly manner which has become his hallmark, tried to blacken the names of Deputy Rabbitte and myself in the course of his speech through the use of inuendo when he said, "I would now like to ask him here in this House to tell us about some of the people not so well known he (Pat Rabbitte) and his leader have been meeting."

He then went on to depart from his prepared script, and said : 'The Chief of Staff of the Official IRA'. It was not entirely clear whether this was uttered as a statement of fact or as a question.

In either event I want to state categorically that I or Deputy Rabbitte have nothing whatsoever to do with any group styling itself the Official IRA, the Provisional IRA, or any other para-military group. I have dedicated my political life to opposing para-militarism and will continue to oppose political violence with all the vigour at my disposal.

I do not know who the Chief of Staff of the Official IRA is, if indeed such a person exists. But then Deputy Haughey has always seemed to know more about who is who in the IRA than I ever have, and he seemed to have a particular interest in this area in 1969 and 1970 when the Provisional IRA was being established - the Provisional IRA which has slaughtered so many men, women and children in both parts of Ireland, in Britain and on the continent. And when he is on the subject of meetings, perhaps he could fill us in on some of the interesting persons, well known and not so well known, whom he met in 1969 and 1970.